

Jim HORN

Washington State Senate • 41st Legislative District



Dear Friends,

Despite predictions that a special session would be needed, the 2002 Legislature concluded its work within the scheduled 60-day session and adjourned on March 14. During the final days of session, the House and Senate passed a supplemental operating budget and a statewide transportation funding package that will be placed on the November ballot.

The 2002 session was a mixture of achievement, uncertainty and failure.

For me, the top highlight was the Legislature's passage of both a statewide transportation funding package and a plan that allows central Puget Sound residents to decide how to address the region's incredible transportation needs. However, these transportation measures face an uncertain future since voters will have the final say on them.

The supplemental operating budget is the biggest disappointment. While it makes some needed reductions in state spending in light of the state's huge revenue shortfall, the revised budget doesn't incorporate nearly enough common-sense cost-savings measures that would have prevented deeper spending cuts for essential services and programs.

The budget also continues a disturbing trend of being unsustainable. Until the Legislature reverses this course and starts to pass sustainable and responsible budgets, it will place state government on shaky ground for years to come.

Another disappointment was the Legislature's failure to enact more meaningful improvements to Washington's jobs and business climate.

These issues are covered in detail inside the newsletter.

It continues to be a great honor and privilege to serve as your state senator. If you need more information about the issues addressed by the Legislature this year, or if you have any problem related to state government, don't hesitate to contact me or my legislative assistant, Natalie Zukowski, in my Olympia office. We look forward to helping you.

Sincerely,

JIM HORN

Committee Assignments

- Transportation
- Rules
- Higher Education, ranking Republican
- State and Local Government

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Operating budget remains unsustainable

When the 2002 session began in January, the state faced a \$1.2 billion budget deficit. By the end of February, the deficit had grown to \$1.6 billion following the latest state revenue forecast and revised state caseload projections.

The budget crisis required a hard look at state spending and what should be reduced or eliminated.

While the supplemental operating budget does include several spending reductions, it fails to follow a simple budgetary rule — don't spend more than you have.

The budget appropriates \$22.457 billion for spending. Available revenues for it are estimated at \$21.045 billion. That means the budget spends about \$1.4 billion more than the state is receiving in revenues. The original two-year operating budget passed last June spent about \$700 million more than the state had in revenues. In other words, the budget is becoming even more unsustainable.

As a result, I voted against the operating budget.

By not fixing the budget right and not keeping spending within our means, we're heading toward an even larger budget crisis next year.

Assuming nothing else bad pops up between now and next year, we still will be \$1 billion in the hole.

Another problem with the budget is that it sells off a portion of the money from the state's share of the multi-billion dollar tobacco lawsuit settlement in exchange for \$450 million now. Using the tobacco money in this manner is a gimmick. We shouldn't use one-time money for ongoing spending needs. It just sets us up for a larger budget disaster in the future.

The operating budget does take some steps to reduce costs, including a salary freeze for state employees, with the exception of the scheduled 3.6 percent raise for K-12 teachers and community and technical college faculty, as called for by Initiative 732. Other cost-cutting steps taken include:

- A 3 percent cut in funding for state agencies and a 5 percent reduction for the House and Senate;
- A 10 percent reduction in travel costs; and
- Freezing all equipment purchases.

However, many additional steps should have been taken to reduce nonessential spending. Senate

"While the supplemental operating budget does include several spending reductions, it fails to follow a simple budgetary rule — don't spend more than you have."

Republicans offered several options, totaling about \$1.5 billion, to reduce spending. These options included freezing hiring in nonessential services, freezing most state employee pay raises or step salary increases, suspending payouts for unused sick leave, implementing the state auditor's findings concerning Basic Health Plan enrollee fraud, reducing spending for miscellaneous goods and services by 17 percent, suspending purchases of nonessential furnishings and equipment, reducing in-state travel by 33 percent and out-of-state travel by 55 percent, reducing training retreats and conferences by 33 percent, and reducing legislators' mailing budgets by \$6,850 each.

These are common-sense ways to reduce spending without hurting important services. In tough budget times like this, they should have been utilized.

College tuition to be increased

Because of the budget crisis, colleges and universities face across-the-board budget cuts that will amount to \$54 million. At the same time, the budget situation forced the Legislature to additionally increase tuition in the following manner: by 12 percent at community and technical colleges; by 14 percent at Western Washington University, Central Washington University, Eastern Washington University and The

Evergreen State College; and by 16 percent at the University of Washington and Washington State University.

While the tuition increases will make it harder for students to afford college, the Legislature decided the tuition hikes were a better alternative than reducing access, eliminating classes or otherwise reducing the quality of our state's higher education system.



Washington voters to have final say on statewide transportation funding package

Transportation has long been a problem in the central Puget Sound region. In fact, the Seattle-Everett area has the second-worst traffic in the nation, and Tacoma ranks 37th.

The Legislature this year passed a statewide transportation funding package that is expected to raise \$7.8 billion over the next 10 years. The Legislature also passed a measure allowing residents in King, Pierce and Snohomish counties to vote on raising money necessary to meet the region's enormous transportation needs.

Statewide package

The statewide funding package will raise the state gas tax 5 cents next year and another 4 cents in 2004. For the average motorist, the 9-cent gas tax increase would amount to an extra \$68 a year.

Other parts of the revenue package include:

- A 1 percent sales tax increase on new and used vehicles, with that revenue dedicated to transit, passenger-only ferries, rail (not including light rail), paratransit and commute trip reduction efforts (for someone buying a vehicle, the 1 percent sales tax would cost an average driver \$48 more);
- A 30 percent increase (phased in 15 percent annually over two years) on the gross weight fee for commercial trucks weighing 12,000 pounds or more; and
- Dedicating the 6.5 percent sales tax on new transportation construction projects to passenger-only ferries, paratransit, rail and commute trip reduction efforts, beginning in 2006.

I voted for the statewide revenue package (House Bill 2969) because it is necessary to address Washington's growing transportation problems. Our state's population and economy have grown significantly over the past

dozen years, but our transportation system (especially our roads and highways) hasn't kept pace. A new funding plan is needed to improve and expand our highways so traffic congestion can be reduced.

I also voted for this funding package because it would help improve our highly valued quality of life and help our economy rebound. Business leaders throughout the state point to our congested roads and highways as a key problem with the state's economy.

The future of Washington's roads and highways is now in the hands of the state's voters. The funding package will appear as Referendum 51 on the November ballot.

Regional package

While the statewide transportation package would fund many projects, it alone wouldn't provide enough money for central Puget Sound's highway-related needs.

The Blue Ribbon Commission on Transportation estimates \$42.4 billion in statewide highway needs over the next 20 years — with \$32 billion of that concentrated in central Puget Sound.

The regional measure (Senate Bill 6140) allows voters in King, Pierce and Snohomish counties to vote to raise revenue to fund transportation solutions to meet their congestion and safety needs. I voted for it.

Coupled with money from the statewide funding package, the regional bill could help us to finally begin the "mega-projects" that are necessary to reduce congestion on the Eastside and throughout our region. Some of these projects include:

- Adding lanes on I-405 from Tukwila to Lynnwood;



- Providing HOV lanes, park and ride lots, fly-over ramps, buses and bus pull-outs, vans for vanpools, and transportation system management improvements for the I-405 corridor;
- Expanding SR-520;
- Expanding SR-167 and rebuilding the I-405/SR-167 interchange;



Sen. Horn and others were on hand when Gov. Locke signed the regional transportation bill into law in Renton in March.

- Replacing the aging Alaskan Way viaduct; and
- Adding lanes on SR-18 between Maple Valley and I-90.

The regional package is expected to raise \$13 billion (with bonding) over the next 10 years. There are several different ways that money could be raised for the regional projects:

- A vehicle fee of up to \$100 per year;
- A sales and use tax of 0.5 percent;
- Tolls;
- A parking tax; and
- Some unused local taxes.

Little progress made to improve jobs/business climate

Over the past year, Washington has been mired in an economic recession. This recession has resulted in the loss of more than 46,000 private sector jobs in the state over the past year. For the past few months, Washington has ranked either first or second nationally in unemployment. (The national unemployment rate is 5.5 percent. Oregon ranks first at 8.1 percent.)

The bottom line is that we need to create more jobs in Washington. One way to do that is improving the state's business climate. Washington ranks very high in several unflattering categories — first in terms of new business failures, first in unemployment tax liability, second in traffic congestion, and fifth in government regulatory burden.

Last year, members of the Senate Republican Caucus conducted a lis-

tening tour in which they met with businesspeople in towns and cities throughout Washington. In fact, other Eastside senators and I held a meeting in Bellevue last fall.

Throughout these meetings, there was a common complaint from many businesspeople in these meetings — some state regulators go out of their way to make life hard for them. They believe the state is more interested in punishing them than in fixing problems. In essence, regulators had a bad attitude toward business. An attitude adjustment was needed.

During the recently ended 2002 legislative session, several bills were introduced to improve the business climate. The Senate passed several bills related to this goal, including:

- Requiring the governor to approve all agency rules (Senate Bill 6251);
- Limiting state agency rule-making

authority to times when the Legislature has issued a specific grant of authority (Senate Bill 6252); and

- Requiring significant rules to sit through one legislative session before taking effect so they may undergo greater scrutiny (Senate Bill 6564).

Unfortunately, these measures died in the House.

Some progress was made this session. The Legislature passed House Bill 2671, which transfers the powers, duties and functions of the Department of Ecology's Permit Assistance Center to a new Permit Assistance Center within the governor's office. And Gov. Locke recently issued a directive to the Department of Licensing to expand the master business license program to local governments.

But more can and should be done to improve the business climate.

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